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ABSTRACT

The School of Management at Syracuse University recently undertook the task of classifying the kinds of competency one should demonstrate in order to function effectively in positions within the field of Business Administration. The study is aimed at identifying the mix of technical skills, general ability, and background knowledge that fits recognized career patterns in modern business, and listing them in organized fashion. In addition, techniques, technology, and teaching approach are cited that are felt to be effective in communicating the appropriate core knowledge for individual areas of competency. Each of the 10 areas of competency is discussed individually. They are: financial information systems; environmental studies; logistics; quantitative analysis; accounting; finance; marketing; operations management; personnel and industrial relations; and advanced quantitative analysis. (HS)

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External Degree Project

Summaries of Areas of Competency in Business Administration

PREPARED FOR EXTERNAL DEGREE PLANNING CONSORTIUM
BY SYRACUSE UNIVERSITY SCHOOL OF MANAGEMENT
UNDER SUBCONTRACT FROM THE POLICY INSTITUTE

January 1972

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SURC

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EXTERNAL DEGREE PROGRAM

Areas of Competency

In

Business Administration

Under a Subcontract from the Policy Institute, SURC, members of the faculty of the School of Management of Syracuse University have produced for possible application to the Central New York External Degree Program, a comprehensive study of Areas of Competency in Business Administration, i.e., what a person should know in various technical business subject matter areas to qualify for a baccalaureate degree.

Attached is a summary of the contents of the study prepared by L. Richard Oliker, Associate Dean, who coordinated the development of the study at the School of Management.

Copies of the complete study (225 pp.) are available from the Policy Institute, SURC, at 723 University Avenue, Syracuse, New York, 13210, at a cost of $5.75 per copy, including postage and handling.

EXTERNAL DEGREE PROGRAM

Areas of Competency

In

Business Administration

SOM/EDP

10/20/71

AREAS OF COMPETENCY IN BUSINESS ADMINISTRATION: A SUMMARY

By

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The School of Management recently undertook the task of classifying the kinds of competency one should demonstrate in order to function effectively in positions within the field of Business Administration. Clearly, different kinds of knowledge are involved (i.e., specialized skills, analytical or synthesizing ability, theoretical background, etc.) for any given career area. Rather than making a survey of already existing undergraduate courses we decided to look at the work in each area with a fresh approach, asking the question: "What are the key concepts and issues especially appropriate for this specific competency?"

Our study is aimed at identifying the "mix" of technical skills, general ability, and background knowledge which fits recognized career patterns in modern business, and listing them in organized fashion. In addition, we have cited techniques, technology and teaching approach which we feel will be effective in communicating the appropriate core knowledge for individual mixes, or "Areas of Competency".

The following summary describing this effort is arranged in a format which discusses each Area of Competency separately. A detailed outline of the discrete competencies for each area is appended.

AREAS OF COMPETENCY

IN

BUSINESS ADMINISTRATION

I. Financial Information Systems

II. Environmental Studies (The Business Environment)

III. Logistics

IV. Quantitative Analysis

V. Accounting

VI. Finance

VII. Marketing

VIII. Operations Management

IX. Personnel and Industrial Relations

X. Advanced Quantitative Analysis

Area of Competency

I

Financial Information Systems

Business organizations succeed or fail upon the efficiency of their decisions in the allocation of resources. These decisions involve, in large part, the viable distribution of "dollar" resources in order to fulfill pre-set objectives of the organization. Successful decisions are dependent upon an information system which provides relevant data for action, and the goal-related analytical process which turns data into business policy. This area is narrower in scope than Area VI, Finance, and more closely confined to internal operations.

This Area involves a study of the accounting and financial functions which produce the desired information. The student of management must therefore understand that a company's financial decisions are reached via an internal data base which must be (1) interpreted and (2) analyzed in the light of the legal regulations and existing economic institutional patterns. This investigation has been divided into three study units of the financial information decision-making process, directed toward providing the student with a fundamental understanding of:

1. The structure and tenets of the accounting model as the data base.
2. The techniques and goals of the analytical process in reaching internal financial decisions.
3. The monetary and fiscal environment which influences these decisions for a given business.

Area of Competency

II

Environmental Studies (The Business Environment)

A business enterprise, regardless of its structure, operates in a constantly changing environment. Every student of management should be aware of the impact of environmental characteristics on the decision-making process. This Area of Competency is designed to provide an appreciation for the internal and external factors which condition and/or impinge upon the unrestricted operation of the business firm. Knowledge about multi-dimensional environmental factors is still in the growth and development stage. Many of the modifiers of business practice are in an evolving state, reflecting changing conditions in the total business environment.

The legal environment in which a firm operates conditions and/or restrains its unlimited operation. The rights and duties, under the law, which are incumbent upon a firm call for an awareness of responsibility to a large number of constituencies. The evolution of corporate power, its application in a corporate setting, and its societal impact are viable aspects of business operations which must be considered.

The evolution and development of management as a distinct function is considered within the legal framework provided. Course work places emphasis upon the experience in this country with the corporation as the base. The impact of public policy legislation and other policies which further de-limit the autonomous operation of firms is an integral part of the environment. This impact must be examined in light of the continuing viability of the capitalistic system in a market economy.

Area of Competency

III

Logistics

Logistics is a term which can be used to describe the management of products and services from the point of origin to the point of acceptance and use by the customer. It includes the functions of procurement, production, marketing and transportation and is viewed in a generic sense. It should not be considered analogous to physical distribution from the point of manufacture to the consumer; but, rather, thought of in the broader sense that involves the utilization of time, place, and form.

In course work, the systems approach will be used to integrate the various subjects and fields in this Area. The complexity of the functions involved calls for the application of this sophisticated form of management. The logistics area is usually the most cost-incurring or expense-producing operation in the firm. Thus, a manager must have some understanding of how to deal effectively with the differing mixtures related to total programs, with their special and varying time and space demands or operational qualities. Such training is necessary since most organizations, whether they be public or private, are involved with activities performed within the logistics domain.

Area of Competency

IV

Quantitative Analysis

The rapid growth and expansion of technology have compounded the managerial problems related to efficient and effective allocation of resources under conditions of risk and uncertainty. However, many of the current complexities can be quantified for purposes of evaluation in the decision process. The corporate response to this complex milieu has been the adoption of existing quantitative techniques in a combination to provide for the effective utilization of numerical information in managerial analysis.

Statistical evaluation is employed to focus on theory and methods necessary for the collection, presentation and analysis of numerical data. Emphasis, for purposes of this Area, is placed on the use of partial information (sampling). Probability theory and estimation are utilized for this purpose. Quantitative managerial analysis focuses directly on the decision process. The decision process is conceptualized and methods for handling various decision situations, and theory for each is developed.

The computer is often an effective tool for the purposes of decision-making. Thus, the focus includes the fundamentals of operation and programming. Specific uses of this tool for system design and problem solutions are also employed to produce models for organizational operation.

Area of Competency

V

Accounting

Once a firm grasp of Financial Information Systems is gained, in-depth specialization for the professional accountant becomes necessary in order for him to move beyond the fundamental principles of the system. Financial accounting theory addresses itself to a financial measurement and communication system. Within the framework of this system, it takes special note of the reporting needs and demands by various user groups. Specifically, the objective is to present a detailed study of the body of accounting theoretical knowledge that is fundamental to the practice of financial accounting as a profession. The standards of the Accounting Principles Board and other accounting associations are considered in their relationship to the total field.

In related work, cost analysis and control deals with the managerial aspect of cost accounting systems. These systems are designed to provide cost information relevant to internal decision makers in both profit and non-profit organizations. The firm requires proper evaluations of cost consequences of alternative decisions. This demand has opened a new dimension for the professional accountant. The student is required to articulate cost accounting concepts and standards as they might provide guidance to cost accounting measurement and reporting systems.

Area of Competency

VI

Finance

This Area of Competency involves concentrated exposure in the broad field of Finance to enable the individual to understand the full range of the finance function in an individual firm and also in the economy, both national and international. Comprehension embraces the ability to evaluate critically and analytically the relevant theories, concepts, methodologies and institutional arrangements in the area of finance.

In more specific terms, an individual must understand the process by which (1) resources within the firm are allocated to investment projects under conditions of both risk and uncertainty; (2) decisions are reached in either acquiring capital externally or utilizing internally generated funds; (3) long range growth is fostered; and (4) the financial community evaluates both the past performance and future potential of firms and industries.

The evolution of the institutions of finance, the regulatory framework applicable to corporate and conglomerate units within which current institutions operate, and the probable patterns of development in the future are examined in terms of present-day dynamics. National and international policy decisions and their impact on financial markets are considered in the context of the financial decision-making process within individual business organizations.

Area of Competency

VII

Marketing

Marketing as a concerted organizational effort starts at the product development stage and involves continuous management input right up through the post-purchase phase with the customer. The course emphasis is upon marketing management. Hence, the management concepts of analyzing, organizing, planning, and control are considered. The combination of resources, operations, channels of distribution, physical distribution facilities, standards, policies and activities makes up the marketing "mix". The direction and permutation of this mix depends upon the goals and objectives of the firm. The process by which the marketing-oriented portion of these objectives are attained is the basis for this concentrated analysis of the Area.

Each element of the total system of activities intended to produce the desired marketing results will be analyzed. The primary course objectives are to provide an understanding of the role that marketing plays in society and the business firm, to describe various aspects of and inter-relations between the elements of the marketing mix in its application, and to provide practice in the application of marketing management techniques to problems and decisions.

Area of Competency

VIII

Operations Management

As business needs have changed and as technological developments have emerged, the requirement for an adaptive capability in management has become apparent. The impact of automation has created a situation in which the manager must be capable of dealing with his organization in a broadly-based mode, with information networks linking all relevant components. Therefore, this Area involves an interrelated approach to the management of the total set of resources which are necessary for the creation of goods and/or services.

Operations planning and control covers a wide variety of topics. Project management is one example. Both PERT and CPM have advanced the state of the art considerably, although both have serious drawbacks. Both information purchasing and bid making, as well as the control aspects of network management are emphasized. Production-inventory systems are also examined. Several mathematical and heuristic programming models are available to assist the decision maker in handling the problems created in the use of such systems.

Systems analysis is employed as a basic method of evaluation. The concept of flow patterns and networks is explored, along with the utilization of models and simulations at critical decision points.

Area of Competency

IX

Personnel and Industrial Relations

The organizational function directly involving the recruitment, selection, placement, training, compensation and development of individuals is a critical operation to any business, whether it is done in an ordered and highly sophisticated fashion or on a simpler model. In this important administrative Area, in-depth study is utilized to encourage recognition of the importance of individuals in organizations, to develop a conceptual understanding of the fundamental relationships between individuals and the organizations of which they are members, and to provide familiarity with the many specific techniques which have developed and are constantly evolving to facilitate a mutually productive organizational perspective.

Three levels of understanding are involved. First, the fundamentals of social organization must be understood. Second, the specific, detailed tools and techniques that have been developed to deal effectively with aggregates of individuals must be assimiliated. Third, the skills and experience necessary to apply the appropriate mix of personnel systems and techniques in actual organizational situations -- on the job -- must be considered.

Area of Competency

X

Advanced Quantitative Analysis

This Area is designed to provide a course concentration for those desiring depth study in the use of quantitative techniques and other management science models in analyzing administrative problems. In some cases, applications have taken the form of preliminary or exploratory model-building designed to uncover basic factors which impinge on organizational effectiveness. In some cases, quantitative analysis has been brought to bear in special studies of some specific aspect of operations for which particular improvements are desired. In such cases the key factors may have already been identified and the search is for the best mix of factors, given a change in requirements or facilities.

Successful managerial applications of statistical and management science models require a deep understanding of theory, methods and procedures as well as an understanding of their limitations. The purpose of this area is to provide an advanced level of comprehension by building core knowledge of the basic quantitative analysis area material for those who expect to be closely involved with in-depth quantitative analysis in their careers.

OUTLINE: CORE KNOWLEDGE FOR AREAS OF COMPETENCY

I. Financial Information Systems

A. Accounting Data Base

1. The Accounting Process
2. Assets and Equities
3. Income Measurement
4. Financial Reporting
5. Funds Statement
6. Analysis of Financial Statements

B. Analysis and Decisions

1. Long-range Planning for the Firm
2. Acquisition and Management of Long-term Funds
3. Planning and Management of Working Capital
4. Cost-Volume-Profit Analysis
5. Budgeting for Control
6. Responsibility Accounting System
7. Product Costing and Pricing

C. Monetary Environment

1. Money and Credit
2. Commercial Banks and Related Institutions
3. Historical Background of Modern Monetary and Banking Developments
4. The Federal Reserve System and Instruments of Monetary Management

II. Environmental Studies (The Business Environment)

A. The Legal Environment of Business

1. The Corporate Concept
2. Agencies Doctrines
3. Corporate Management and Control

B. The Development of Management Thought

1. History-Growth of Management in the United States

2. The Traditional Development of Management

3. Behavioral Aspects of Management

4. The Systems Approach to Management

5. The External Environmental

C. Public Policy

1. The Political Environment

2. Business-Government Relations

3. Regulations of Competition

III. Logistics

A. Logistics Systems

B. Environmental Analysis

1. Factors Affecting Corporate Development

2. External-Internal Determinants of Market Behavior

C. Product Policies

1. Planning and Control

2. Pricing Decisions

3. Inventory Control

D. Physical Distribution

1. Mode of Transportation Selection

2. Location of Facilities

3. Channel Selection

4. Rate Structure and Theory

5. Facility Design

E. External Communication

F. Procurement Decisions

G. Logistics Information Systems

1. Research Methods

2. Cost Analysis

3. Measurement and Forecasting

IV. Quantitative Analysis

A. Statistical Analysis

1. Data Analysis

2. Probability Theory

3. Sampling Theory

4. Estimation

B. Managerial Computer Utilization

1. The Computer -- Physical Configuration and Function

2. The Basic Elements of Computer Programming

3. Flowcharting-Specific Problem Formulation

4. FORTRAN -- A Computer Language

5. Basic Concepts of Information Systems

6. Problem Classes and Computers

C. Quantitative Managerial Analysis

1. Quantitative Decision Analysis

2. Statistical Decision Making Under Uncertainty

3. Statistical Decision Making Under Risk

4. Sample Linear Regression and Correlation

V. Accounting

A. Financial Accounting Theory

1. Valuation and Measurement Problems
2. Revenues and Expenses-Gains and Losses
3. Current Assets
4. Fixed Assets
5. Depreciation
6. Liabilities
7. Ownership Equities
8. Financial Reporting
9. Consolidated Statements

B. Cost Analysis and Control

1. Budgeting Process and Organizational Planning
2. Developing Sales and Cost Budgets
3. Linear Programming and Budget Development
4. Break-even Analysis Under Risk
5. Information Control Systems
6. Cost Standards and Variance Analysis
7. Concepts of Product Costing
8. Process Costing
9. Unit Costing
10. Inventory Control Models

VI. Finance

A. Resource Allocation Management

1. Investment Decisions Under Certainty and Uncertainty
2. Analysis of Selected Investment Decisions

B. Capital Costs

1. Cost of Capital and Capital Structure

2. Valuation

3. Dividend Policy

4. Expansion and Contraction

C. Portfolio Investment Analysis and Policy

1. The Securities Markets

2. Securities Regulation

3. Alternative Investment Outlets for Funds

4. Analysis of Financial Statements

5. Institutional Portfolio Management

D. Monetary and Fiscal Analysis

1. Quantity Theories of Money

2. National Income Analysis

3. The Determination of Income

4. Inflation

E. Financial Policies in Operation

1. Stabilization Policy

2. The National Debt and Debt Management

3. The Government and the Banks

F. International Finance

1. Foreign Exchange and the Balance of Payments

2. Mechanisms of International Adjustment

VII. Marketing

A. Marketing Measurement

1. Marketing Research

2. Information Processing from Research Efforts

3. Forecasting

B. Consumer Behavior

1. Psychological Foundations of Behavior and Attitude

2. Group Processes

3. Patterns of Influence, Social Class and Life Style

C. Communication

1. The Marketing Mix

2. Message Development

D. Product and Pricing

1. Product Strategy

2. Price Theory and Programs

E. Marketing Channels and Distribution

1. Distribution Channels and Their Measurement

2. Distribution Activity Centers

3. Transportation Costing

4. Warehousing

5. Distribution System Design

F. Control of Marketing Activities

1. Sales Analysis

2. Cost Analysis

3. Control Systems

4. Intelligence Systems

VIII. Operations Management

A. Operations Management

1. The Management of Production Systems

2. Production System Design

3. Planning, Analysis and Control of Production Systems

B. Operations Planning and Control

1. Project Management
2. Production-Inventory Systems
3. Planning and Scheduling for High Volume Items
4. Planning and Scheduling for Low Volume Items
5. Quality Planning and Control
6. The Determination of Proper Facility Size and Replacement
7. Facility Location

C. Systems Analysis

1. Systems Design and Analysis
2. The Environmental Systemic Concept
3. Organization Theory and Systems
4. Flow Network Patterns
5. Flow Network Dynamics
6. Management of Flow Networks
7. Comparative Analysis of Management Systems

IX. Personnel and Industrial Relations

A. The World of Work

1. Social Organization: An Overview
2. Business Organizations
3. People: Those Who Work
4. Managers: The Management of People at Work
5. The Personnel Function and its Role
6. The Development of Personnel Management

B. Elemental Processes in Personnel Management

1. Organizational Planning

2. The Staffing Process

3. Training and Development Processes

4. The Compensation Process

5. Representation Process

C. Supplemental Processes in Personnel Management

1. Ancillary Services

2. Supervisory Processes

3. Personnel Management and Government Regulation

4. The Future of the Personnel Function

X. Advanced Quantitative Analysis

A. Sampling and Statistics

1. Sampling Theory and Procedures

a. Simple Random Sampling

b. Stratified Random Sampling

c. Cluster Sampling

d. Systematic Random Sampling

e. Multi-stage, Area and Work Sampling

2. Experimental Design

a. Linear Additive Model

b. Principles of Experimental Design

c. Specific Topics: Continuous Data

d. Specific Topics: Enumeration Data

3. Regression Analysis

   a. Simple Linear Regression Models

   b. Inferences with Normal Model

   c. Analysis of Variance Approach

   d. General Linear Regression Model and Matrix Methods

   e. Topics in General Linear Regression

B. Management Science

1. Model-Building

   a. Introduction to Management Science

2. Analytical Solution Methodology

3. Numerical Solutions -- Linear Optimization

4. Simulation

   a. Overall Perspective

   b. Methodology

   c. Experimental Design

   d. Pseudorandom Numbers

   e. Monte Carlo Techniques

   f. The Computer and Simulation